

Transportation Club of Detroit

June 23, 2010

Dear Members of the House Commerce Committee:

As the President of the Transportation Club of Detroit and owner of DriverSource, Inc in Dearborn, Michigan, I am writing to express my support for Senate Bill 1222 (Cassis) and request that the House of Representatives pass it immediately. This bill will help to ensure that transportation jobs remain in our state at a time when we can least afford to lose another Michigan worker.

Senate Bill 1222 provides tax an increase reduction to transportation general contractors who subcontract freight hauling projects. Currently, if a general contractor in the trucking industry subcontracts a project, he is required to pay the gross receipts tax on the entire revenue amount for that project and cannot claim his payment to the subcontractor as a cost. The subcontractor also has to pay tax on the amount he receives from the general contractor, which leads to the double taxation of the same revenue.

Additionally, it is important to note that this type of taxation problem has been previously recognized and other industries have received the general contractor tax relief that I am requesting. For instance, general contractors in the construction field are exempt from this tax. I think it is also worth mentioning that numerous tax credits, even refundable credits, have been enacted in an effort to foster industries that do not currently exist in this state. DriverSource has been a tax paying entity in Michigan for 12 years. We want to stay in Michigan and we hope that the legislature will work with us so we can remain in our home state.

Thank you for time and attention to this extremely important matter. As a job provider in Michigan, I want to stay here and passage of SB 1222 will make the difference and help to save my company.

Sincerely,

David J. Olshansky

President – Transportation Club of Detroit

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